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OPERATIONAL ACTIVITIES FOR DEVELOPMENT

Note by the Director-General

Summary

Brings to the attention of the Board the relevant parts of United Nations General Assembly resolution 47/199 and reports on action already taken or envisaged by UNIDO in respect of various provisions of this and related resolutions.

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Introduction

1. At its forty-seventh session the United Nations General Assembly adopted resolution 47/199 on the triennial policy review of operational activities for development within the United Nations system that deals with the strengthened and coherent coordination of the activities of the United Nations system at the field level, covering a broad range of issues, inter alia: the preparation of country strategy notes, the programme approach, decentralization through field offices and the strengthened role of the resident coordinators within the United Nations system. The resolution stresses the need for streamlining and rationalizing the processes and procedures of the United Nations system, especially in the interrelated areas of programming, execution, decentralization, monitoring and evaluation, in order to make the United Nations system more relevant and responsive to the national plans, priorities and objectives of developing countries, and more efficient in its delivery system. At its forty-eighth session, the General Assembly adopted resolution 48/209 that deals exclusively with the issue of field offices of the United Nations development system.

2. In paragraph 51, resolution 47/199 calls upon the governing bodies of the funds, programmes and specialized agencies of the United Nations system to take appropriate action for the full implementation of the resolution and requests their executive heads to submit a yearly progress report to their governing bodies on measures taken and to be taken for its implementation. In accordance with paragraph 54 of the same resolution, the

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Secretary-General of the United Nations submitted to the Economic and Social Council at its substantive session in 1993 a first progress report (E/1993/73) on the implementation of the resolution. Subsequently, the Economic and Social Council adopted resolution 1993/7 in which it urged the heads of the specialized agencies of the United Nations system to make every effort further to improve the efficiency and effectiveness of their organizations, and to inform their governing bodies on measures taken in that regard in their annual reports.

3. The Director-General is herewith bringing to the attention of the Board the following report on actions taken or envisaged by UNIDO in respect of the various provisions of resolution 47/199 and the other related resolutions mentioned above. The sequence of the issues mentioned in the present report is based on the format proposed by the Coordinator for Operational Activities of the Department for Policy Coordination and Sustainable Development (DPCSD) to all members of the Consultative Committee on Programme and Operational Questions (CCPOQ). A summary of the contents of the present report was recently forwarded to DPCSD for inclusion in the progress report on the implementation of resolution 47/199 to be submitted by the Secretary-General of the United Nations to the Economic and Social Council at its 1994 substantive session.

I. COUNTRY STRATEGY NOTE

(General Assembly resolution 47/199, paras. 9-10)

4. UNIDO welcomes and fully supports the initiative to develop United Nations country strategy notes in order to utilize United Nations system resources for development in a coherent and focused manner. In fact, UNIDO is actively involved in this process in a dozen countries across all developing regions.

5. Complementary to the overall United Nations process, UNIDO is developing its own country support strategies as a new programming tool. These UNIDO country support strategies will elaborate an integrated response to a country's industrial development needs and contain priority areas and programme thrusts for services to be provided by the Organization. Within the United Nations system, they will also assert the central coordinating role of UNIDO on industrial development issues and serve as a substantive support instrument for funds mobilization efforts.

II. PROGRAMME APPROACH

(General Assembly resolution 47/199, paras. 12-14)

6. Prior to the adoption by the General Assembly of resolution 47/199 in December 1992 and even resolution 44/211 in December 1989, UNIDO had already been developing a programme approach methodology as an alternative to the traditional individual technical cooperation projects. 1/ Among the programmes developed and promoted to gain experience with the approach and understanding of the difficulties, the most successful to date is clearly the integrated leather programme in Africa.

7. Based on this experience and methodology UNIDO has also played an active role at the inter-agency level, in particular with the United Nations and the United Nations Development Programme (UNDP) in developing a system-wide consensus on the programme approach concept as well as related policy guidelines and formats and appropriate evaluation measures. While different organizations still have varying approaches in response to their mandates, an overall United Nations-wide framework is now developing. Within that framework UNIDO is elaborating integrated programmes combining technical cooperation with its regular budget-funded services in such areas as investment promotion, technology transfer, policy advice and information activities.

III. NATIONAL EXECUTION

(General Assembly resolution 47/199, paras. 15-18)

8. From the early 1980s, in all projects under its execution, UNIDO has promoted national responsibility and management control by national authorities and will continue to do so wherever possible. In discussions within the United Nations system on the subject UNIDO has, however, expressed concern that national execution may be interpreted to exclude the technical support of specialized organizations.

9. In the view of the UNIDO Secretariat, national execution is most successful and contributes most to national capacity building when national authorities have full access to the technical and other support activities and capacities of the United Nations system. UNIDO continues to promote this view, the validity of which is continuously underlined by actual experience in projects and programmes. For projects funded by UNDP, proper application of the technical support services at the project level (TSS-2) component of the successor arrangements for agency support costs is therefore considered an essential tool to ensure such technical support.

IV. DECENTRALIZATION AND DELEGATION OF AUTHORITY

(General Assembly resolution 47/199, paras. 24-25; Economic and Social Council resolution 1993/7, para. 12)

10. Paragraphs 24 and 25 of resolution 47/199 were taken into account in the preparation of a comprehensive report (IDB.11/7) on UNIDO field representation submitted to the Industrial Development Board at its eleventh session. The report highlighted the financial constraints of the current UNIDO Country Director (UCD) programme and made specific recommendations on the future UCD programme towards "demand orientation and decentralization", including the establishment of a subregional representation scheme. The report (paras. 17-23 and 26-28) shows that, in line with the request of the Economic and Social Council (resolution 1993/7, para. 12) UNIDO draws on all possible sources of financing for its field representation, including redeployment of staff. In its decision IDB.11/Dec.29, the Board took note of document IDB.11/7 and requested the Director-General to prepare a programme framework for field representation that would take into account the relevant discussions in the United Nations General Assembly.

11. In response to the above decision and on the basis of the findings of an internal task force, a draft proposal for a programme framework for field representation has been prepared in which various aspects of decentralization of UNIDO field offices

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1/ See also document GC.4/28, chap. I.

are examined within the context of the unified field representation and specific suggestions are made with regard to strengthening of the UCD programme including the increased redeployment of Headquarters staff to the field. Upon finalization, the proposed programme framework will be used as a basis for negotiating extrabudgetary financing of the UCD programme. A report on the implementation of Board decision IDB.11/Dec.29, including the status of the proposed programme framework for field representation, will be submitted to the Board at its thirteenth session through the Programme and Budget Committee at its tenth session.

V. SIMPLIFICATION AND HARMONIZATION OF PROCEDURES FOR PROJECT DESIGN, EVALUATION, MONITORING AND AUDIT

(General Assembly resolution 47/199, paras. 33-34)

12. UNIDO has for many years harmonized its project design methodology and procedures with those of UNDP, allowing for simplification when necessary. Concerning harmonization of evaluation procedures and formats, UNIDO played a leading role in the 1980s at an informal inter-agency working group on evaluation. In 1985, UNDP effectively adopted the UNIDO internal evaluation system of project performance evaluation reports for all its projects. Currently, UNIDO is examining the extent to which the methodologies and instruments developed for project evaluation can also be applied to programme evaluation.

13. With regard to auditing, UNIDO has played an active role towards the development of common approaches within the United Nations system such as the common audit manual, common standards for internal auditing systems, and creation of a common internal audit journal, in the context of the annual meeting of representatives of internal audit services of the United Nations organizations and multilateral financial institutions. At the next meeting, to be convened in May 1994 at Rome, Italy, UNIDO will present and discuss specific views regarding internal audit work planning and risk assessment to the representatives of the United Nations agencies.

VI. COMMON PREMISES

(General Assembly resolutions 47/199, para. 42, and 48/209, para. 6)

14. At present, UCD offices are fully integrated in the administrative and organizational structure of the UNDP offices. UNIDO is thus sharing the administrative infrastructures with UNDP offices in developing countries. In fact, with the transfer to UNIDO of the entire administration of UCD offices in April 1989, UNDP field offices started to charge an increasingly larger portion of the local support costs of UCD offices (i.e. local staff, premises, furniture and equipment, vehicles, communication, supply and materials, uniforms, joint administrative activities) to the extent that the 1992-1993 UCD budget showed a significant cost overrun.

VII. TRAINING (NATIONAL AND INTERNATIONAL)

(General Assembly resolution 47/199, paras. 43-47)

15. UNIDO has co-sponsored the training activities carried out during the past three years under the CCPOQ on system-wide issues and, wherever possible, UCDs have participated in the training of United Nations country teams. A UNIDO staff member also participated as trainer in five of the 20 field workshops organized by UNDP on the successor arrangements for support costs and the new execution and implementation arrangements, and UCD participation has been ensured in most of the cases. Since 1984 UNIDO has organized headquarters and in-country training workshops for United Nations staff and national officials on technical cooperation project design and evaluation. It has also organized a considerable number of training courses on feasibility analysis of investment projects.

VIII. RESIDENT COORDINATOR SYSTEM

(General Assembly resolutions 47/199, paras. 38-39 and 48/209)

16. UNIDO is supportive of the strengthening of the United Nations resident coordinator system. In fact, the envisaged role and functions of the resident coordinator/UNDP resident representative had already been taken into account in the Memorandum of Understanding concerning field representation signed between UNDP and UNIDO in April 1989. However, it is essential that the resident representative/resident coordinator takes a system-wide view to be credible as a representative of UNIDO. In view of the changing role of UNDP and the development of the resident coordinator system, as well as the envisaged changes in UNIDO field representation, the Memorandum of Understanding might have to be revised to provide a more clear definition of the role of UCDs in relation to resident coordinators. While effective coordination is essential, the UNIDO field staff should be entirely responsible for the assessment of changing country requirements in the field of industrial development and for follow-up of UNIDO programmes. They should also be able to maintain close working relationships with governmental/private sector bodies and funding agencies in their country of assignment in order to develop and negotiate all aspects including programme funding.

17. UNIDO is participating in an inter-agency task force led by the United Nations on the resident coordinator system that intends to develop terms of reference and guidelines for the system.

IX. IMPROVEMENT OF EFFICIENCY AND EFFECTIVENESS

(Economic and Social Council resolution 1993/7, para. 2)

18. A report on action taken by the UNIDO Secretariat in the development of a quality management system (IDB.12/8) has been submitted to the Board at its current session under item 5 of the provisional agenda: UNIDO technical cooperation activities in 1993.

X. ACTION REQUIRED OF THE BOARD

19. The Board may wish to take note of the present report and make appropriate recommendations.